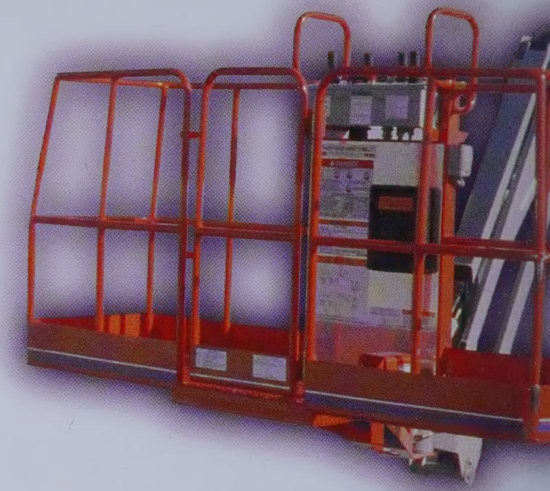
# SKYJACK™

# 1999 ANNUAL REPORT

We will achieve and maintain a reputation among our customers as a world leader in the access equipment industry by building products to a high standard of quality and safety.



# OUR commitment

We will maintain a work environment which is safe and encourages all employees to pursue continuous improvement in their jobs and in our products.

We will work with and encourage all employees to provide the very best that their abilities and energies can produce for their long term success.

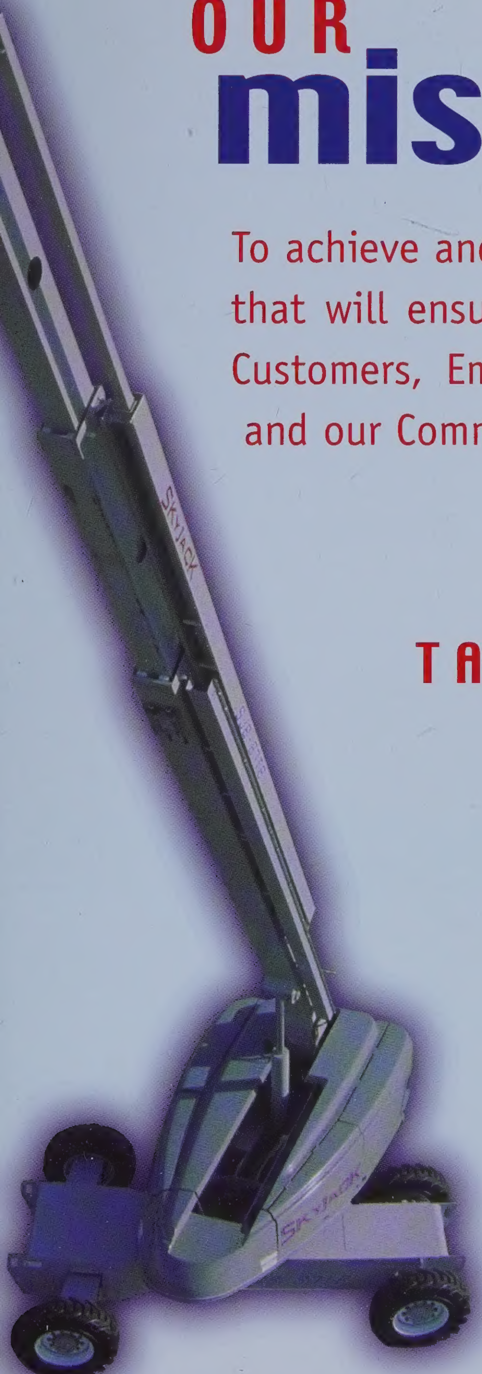
We will be good corporate citizens of the communities in which we operate.

Registered ISO 9001 - 1994

Canada Export Award · Prix d'excellence à l'exportation canadienne

CANADA AWARDS FOR EXCELLENCE
Winner 1995 Entrepreneurship

# 1999 annual report




# OUR mission

To achieve and maintain long term profitability that will ensure a high level of reward to our Customers, Employees, Shareholders, Suppliers and our Communities.

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# FINANCIAL HIGHLIGHTS

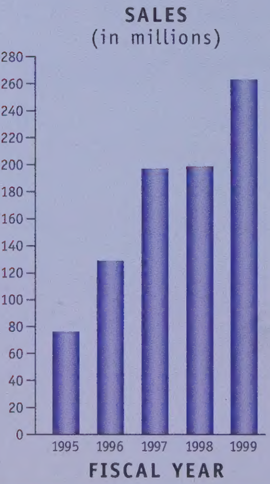
Years ended March 31, 1999 and 1998

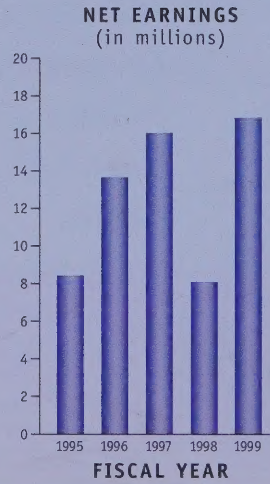
(in thousands of Canadian dollars, except per share amounts)

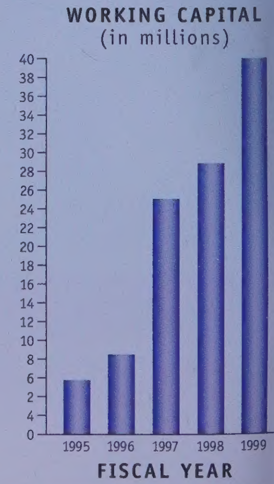
| | % Change | 1999 | 1998 |
|---|---|---|---|
| **OPERATING RESULTS:** | | | |
| Sales | 31.2% | $261,717 | $199,443 |
| Gross Profit | 35.7% | 63,896 | 47,073 |
| Net Earnings | 104.3% | 16,664 | 8,155 |
| Earnings per Common Share: | | | |
| Basic | 102% | $2.02 | $1.00 |
| Fully diluted | 100% | $1.98 | $.99 |
| **FINANCIAL POSITION:** | | | |
| Working Capital | 42.2% | 39,781 | 27,971 |
| Total Assets | 105.6% | 214,435 | 104,282 |
| Shareholders' Equity | 28.1% | 78,902 | 61,603 |

**QUARTERLY INFORMATION:**

| | Sales | | Net earnings (loss) | | Basic earnings (loss) per common share | |
|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| First Quarter | $ 66,180 | $ 50,026 | $ 5,158 | $ 3,988 | $.63 | $0.50 |
| Second Quarter | 61,995 | 41,478 | 5,122 | (293) | .62 | (.04) |
| Third Quarter | 59,747 | 55,477 | 3,006 | 5,023 | .36 | .61 |
| Fourth Quarter | 73,795 | 52,452 | 3,378 | (563) | .41 | (.07) |
| | $261,717 | $199,433 | $ 16,664 | $ 8,155 | $2.02 | $1.00 |



# CHAIRMAN'S ADDRESS

**As I complete my first year as Chairman of Skyjack, I cannot help but reflect on how eventful a year it has been. As you will observe by reading Wolf Haessler's message, it has been a year of exciting developments in preparing Skyjack to aggressively move into the new millennium.**

We have tackled, head on, the challenges of a changing market place with an aggressive plan to move Skyjack into the future on a solid footing with efficient and modern facilities and a great team of dedicated employees.

Skyjack has been able to achieve a 30% compounded growth in sales for nine years, including the most recent fiscal year. Our goal is to work very hard to maintain a significant growth rate as we move, with great anticipation into the new millennium.

There have been ups and downs over the years, but the trend has seen the exciting rise of Skyjack from a small, dynamic, people focused entrepreneurial Company into a leading player in the world Aerial Work Platform industry. The really exciting thing is that Skyjack continues to be a dynamic, people focussed entrepreneurial Company with a vision for the future that will exceed the past.

There are bound to be some more challenges along the way, but let me assure our shareholders that the Board and Management are conscious of these and are preparing to deal with them, as we have in the past.

Fiscal year 2000 marks the 30th Anniversary of the founding of Skyjack and the beginning of our 6th year as a public company.

It took us ten years to produce our 10,000th Scissor lift in 1994. It took only five years to reach the 50,000th Scissor lift in 1999.

There have been many exciting developments in our Boom production during the past year and we are growing ever closer to offering a complete range of Booms which will allow Skyjack to become a major player in this important segment of our industry.

The Board of Directors are very proud of the dynamic leadership of Wolf Haessler and the impressive management talent that have been with us from the beginning. We are very pleased too, that the new talent being added, in key areas, have become a part of the team that will help us achieve our vision of the future.

Skyjack is an exciting and a friendly place to work. The "Team Management" concept is fast spreading throughout the organization. Our most important asset is our dedicated work force and "Team Management" recognizes the untapped contribution that can be made by all levels of employees. It is exciting to see the building enthusiasm as new employees begin to live in and enjoy their new found home. Our total work force has increased by nearly 40% in the past year alone.

Alan Bell has stepped down as a Director of Skyjack. On behalf of the Board and Management, I want to express our sincere thanks to Alan for his involvement and help in guiding Skyjack during his tenure as a Director.

I want to assure you, our shareholders, that your Board of Directors takes its role of representing you seriously; we work hard at balancing this responsibility with everything we do in setting the future direction of your Company.

On behalf of the Board,

Charles E. Greb
Chairman of the Board

# PRESIDENT'S REPORT

**Fiscal 1999 was the fifth year for Skyjack Inc. as a publicly owned Company. In these five years our sales have grown more than six fold from $43 million to $262 million and our net earnings have grown more than five fold from $3.3 million to $16.7 million.**

Although this dramatic growth has been in part due to the growth in our industry, our employees and senior management deserve recognition for their hard work and dedication towards managing the business well and keeping on a steady course through demanding and challenging times. We have learned valuable experiences in the areas of new business acquisitions, new product introductions, and new plant start-ups. We have been improving on our management strengths by recruiting the necessary production and technical talent. Our most recent challenge, that of adjusting to the unprecedented rate of consolidation of our customer base, is being met successfully.

Highlights of Fiscal 1999 include the successful development of major new boom models which include the engine driven, four wheel drive 40XRT articulated boom and the multi-energy powered 40 CME articulated boom. We have also added three main models to the new TB series of conventional straight telescopic booms, namely the 40/45 TB, the 60/65 TB and the 82/87 TB straight booms. Finally, we have made significant improvements to our LB12 articulated boom manufactured in our plant in Löbau, Germany.

All of these new and improved boom models have been shown successfully at the major trade shows in the fourth quarter of Fiscal 1999. We also presented four improved scissor models, the battery powered SJ 8831/41 and the battery powered SJ 6826/32, which have undergone major new changes that will continue to support our increasing World market share for scissor products.

Furthermore, in Fiscal 2000, significant improvements are being introduced to both our boom and scissor products that will dramatically improve product reliability and also reduce manufacturing and maintenance costs. In addition, manufacturing improvements in our existing Guelph and Emmetsburg plants were underway at the end of Fiscal 1999 that will substantially increase our capacity and efficiency in Fiscal 2000 to meet the increasing demand for our SJIII scissor models. In Fiscal 1999, our new Wathena, Kansas plant was opened and increased in size from 70,000 to 90,000 square feet. This facility is used for the development and production of our larger telescopic booms. The additional space was added to accommodate our fast growing North American parts distribution operation. Our St. Charles, Illinois, facility, now totally dedicated to the training of customer technicians and customers technical support, has enjoyed very good customer demand since the start of regularly scheduled training classes at this facility in September 1998.

The Georgetown, Ontario, (G3) plant has been re-dedicated in October 1998 for the manufacture of hydraulic cylinders and certain welded parts to supply our Guelph and Emmetsburg plants. This operation represents a very successful new development within our organization toward more narrowly focused manufacturing plants. We successfully opened in March of 1999 our new large scissor manufacturing facility (G2) in Guelph, Ontario. This 150,000 square foot building is next to our existing 220,000 square foot facility (G1). This plant which is a state-of-the-art plant focussed on fabrication, painting and assembly, will more than double our previous capacity to build large scissors. In addition, this facility has freed up significant space in the adjacent G1 plant for more efficient production and increased capacity for the SJIII battery powered models to which this plant is now dedicated.

# O SHAREHOLDERS

We believe that, going forward, our plants should be more focused on narrower product ranges or work platform components. These facilities are in the process of being tied together logistically and electronically, with an ERP system currently being implemented throughout the Skyjack organization, to help us manage our business better and more efficiently.

The dramatic increase in our short-term debt that we incurred in the latter half of Fiscal 1999 was due to the longer payment terms that we decided to extend to our newly consolidated and major customers. It is not our long term policy to offer these terms on a continuing basis and we have since taken steps to encourage more conventional payment terms with all of our customers, which will result in a more appropriate debt to equity ratio.

I would like to thank all Skyjack employees; customers; suppliers and our board members who helped make Fiscal 1999 a successful one. I also like to acknowledge the departure of Allan Bell, who worked diligently as a Skyjack Director and whose advise we continue to seek on Corporate governance matters.

I am also pleased to announce the appointment of Charles Greb as the Chairman of the Board. Charles has been a dedicated Director for the past seven years and has played a vital role as mentor and supporter of our senior management team.

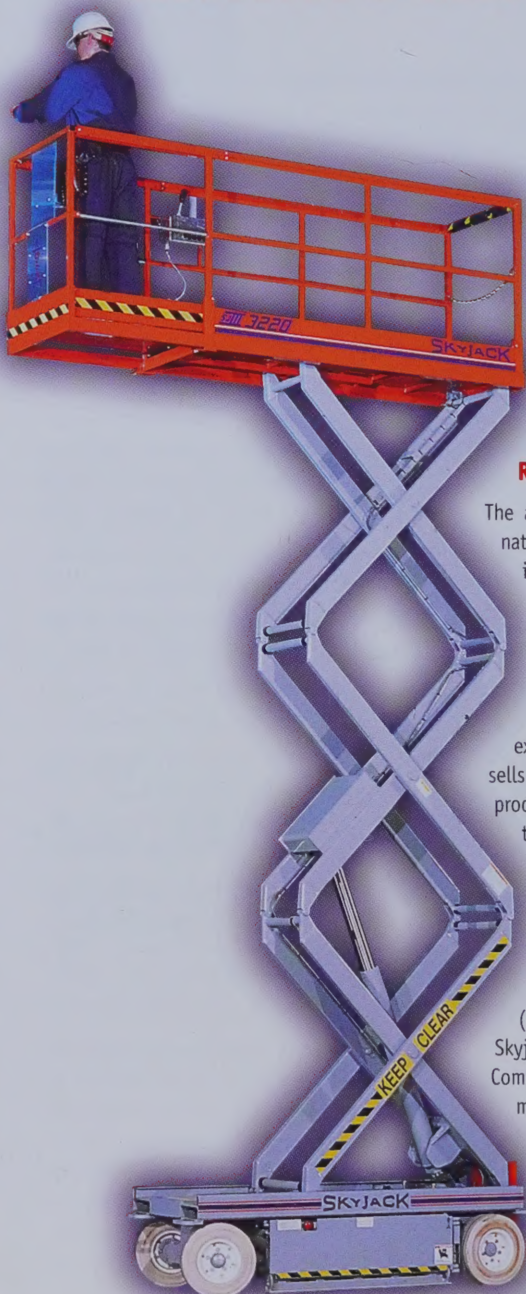
Finally, I would like to thank all our shareholders for their continuing support. We will continue to strive for more improvements to enhance your investment in both the short and long term.


Skyjack Inc.

W. Haessler

Wolf Haessler P. Eng.
President and CEO.

# MANAGEMENT'S DISCUSSIO



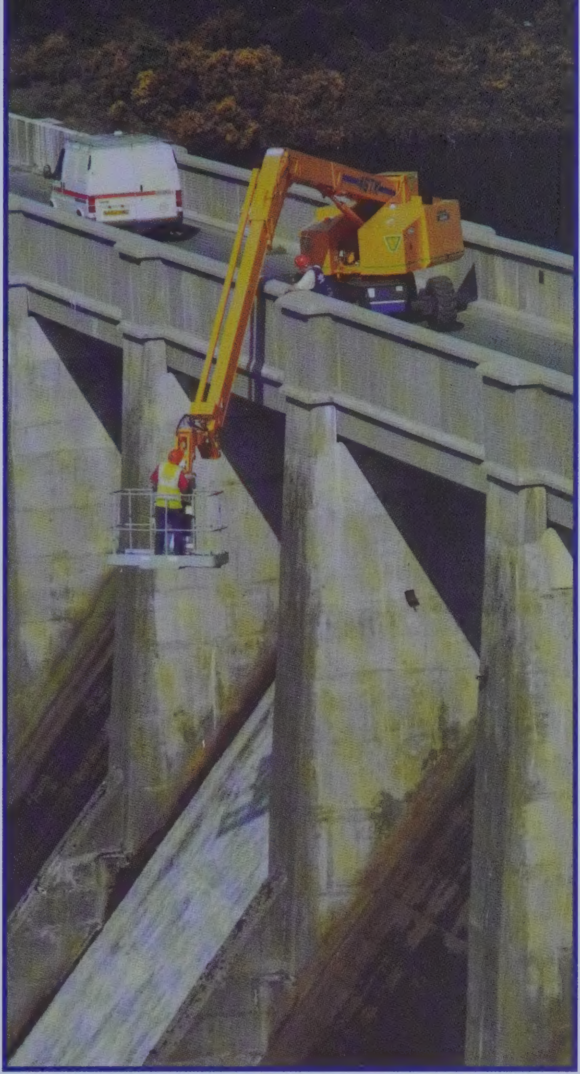

**Skyjack's sales for the fiscal year ended March 31, 1999 increased by $62.3 million (or 31%) to $261.7 million. Sales to customers in the United States increased year over year by $58.4 million (or 44%) as a result of the strong U.S. economic environment and Skyjack's new distribution.**

## Results of Operations

The aggressive consolidation of independent rental businesses by large national companies had a significant impact on the access work platform industry during the Company's fiscal year ended March 31, 1999 and affected the Company's results. Many of these national companies are U.S. public companies that have been formed within the last two years with the sole purpose of acquiring rental businesses. In response to this competitive pressure Skyjack altered its sales distribution by moving away from distributing its products through exclusive dealer/customer relationships. As a result the Company now sells to all rental companies in an effort to get greater distribution of its products principally in North America. In addition, as a result of the termination of its exclusive dealer relationships, and to reflect the new larger volume customers, the Company established in the year a new pricing and terms structure.

Skyjack's sales for the fiscal year ended March 31, 1999 increased by $62.3 million (or 31%) to $261.7 million. Sales to customers in the United States increased year over year by $58.4 million (or 44%) as a result of the strong U.S. economic environment and Skyjack's new distribution. In addition, in the fourth quarter the Company began to realize the benefits of becoming a preferred supplier to many of the national rental companies through increased sales and market share. European sales increased by $12.2 million (or 33%), primarily due to continued strong demand from customers in Great Britain for the Company's products. As well, the Company's newly established warehouse in Mijdrecht, The Netherlands, allowed Skyjack to ship container loads cost-effectively and redistribute

# AND ANALYSIS



products on a more timely basis in Continental Europe. Skyjack's Canadian work platform sales decreased by $2.4 million (or 14%). The acquisition of many of the Company's more significant Canadian customers by a large American national company caused sales to decline as the new owner integrated its operations. Revenues from Asian and all other regions decreased by $5.9 million (or 52%), due to the overall economic slowdown in these areas, combined with the fact that Skyjack had received a large order from a Japanese customer in fiscal 1998. A strong United States economy, and preferred status with many national rental companies, resulted in the Company improving market share in scissors, while at the same time having a favourable backlog of orders at the end of the fiscal year. New product sales represented approximately 4% of total sales for the year.

Gross profit for the year increased by $16.8 million (or 36%) to $63.9 million due principally to higher sales. The Company's gross margin as a percentage of sales for fiscal 1999 (up 1% from fiscal 1998) was impacted positively by the absence of approximately $7 million of non-recurring costs (4% of fiscal 1998 sales) which occurred in fiscal 1998 as follows: (i) the Amador operation which was closed in fiscal 1998 reduced gross profit by $3.3 million; (ii) the Atlantic, Iowa, operation incurred significant costs associated with the enhancement program for the telescopic-knuckle ("TK") boom series totalling approximately $2.1 million; and (iii) a retrofit to one model of scissor lifts, that has since been replaced, occurring in the fourth quarter of fiscal 1998 amounted to approximately $1.7 million. However, the lower prices offered to customers in fiscal 1999 as part of the revamped marketing and distribution plan, together with the more costly SJIII scissor line (introduced in February of 1998), reduced the gross margin as a percentage of sales by 3% compared to fiscal 1998.

Selling and administrative costs for the fiscal 1999 increased by $7.2 million, but remained at approximately the same percentage of sales. The most significant factors contributing to the higher costs were the higher sales levels and the participation by the Company in two major trade exhibitions (Bauma and CON-EXPO) which occur every three years.

Research and development expenses were down $1.2 million over fiscal 1998. The majority of the expenses in fiscal 1999 were incurred in the U.S. facilities as the 40', 60' and 80' telescoping boom series were being developed. Additional expenses related to the design and improvements made to the battery powered SJ 8831/41 and the SJ 6826/32 scissor models. The Company remains committed to new product development and to the enhancement of related components.

As a result of the extended payment terms offered to its customers as part of its new marketing and distribution plan, the Company's short-term debt increased during the year. The impact of this increase was higher levels of interest costs as compared to fiscal 1998.

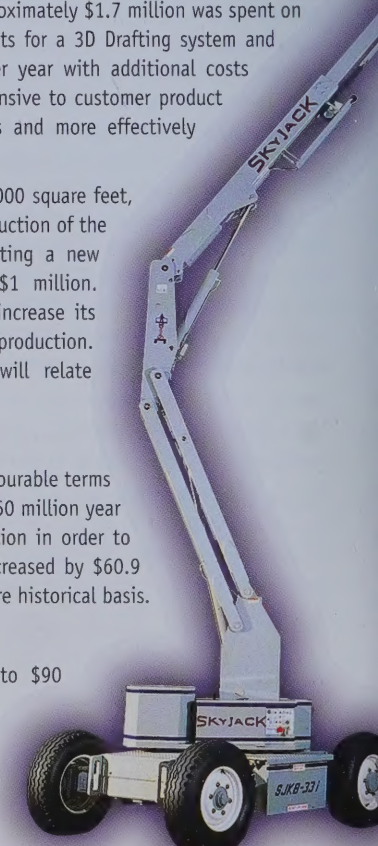
Net earnings for fiscal 1999 increased by $8.5 million, or 104.3%, to $16.7 million. Net earnings as a percentage of sales increased by 2.3% to 6.4%.


## Capital Expenditures

Expenditures on property, plant and equipment during fiscal 1999 were $27.7 million, an increase of $21 million from fiscal 1998. The largest expenditure related to the new 150,000 square feet large-scissor product manufacturing building (G2) the Company constructed adjacent to the existing building (G1) in Guelph, Ontario. The land was purchased for $0.6 million, while the building construction costs aggregated approximately $8.0 million. Another $0.3 million is estimated to complete this facility in fiscal 2000. The machinery and equipment cost for the G2 building amounted to $4.3 million including approximately $3.5 million for a new paint line. Production of the large-scissor product line was relocated from G1 to G2 in March 1999 allowing both facilities to increase overall production of the scissor product line. A further $2.1 million was expended on completing the construction of the Wathena, Kansas, facility, and site improvements, including paving at several plant locations. Another $7.6 million of expenditures was made on machinery at plants located both in the U.S. and Canada.

The Company began installing a new Enterprise Resource Planning (ERP) system in fiscal 1999. Approximately $1.7 million was spent on hardware and another $2.1 million was incurred for software. This amount included costs for a 3D Drafting system and workstation upgrades. The ERP system implementation will continue for at least another year with additional costs estimated to be $2.5 million. The new system will allow the Company to be more responsive to customer product and part inquiries, apply a more effective cost reduction program to purchased parts and more effectively coordinate the utilization of Company resources.

The Company has plans for two expansions of its Emmetsburg, Iowa facility totalling 76,000 square feet, at a cost of approximately $2.5 million. The plant additions will provide for increased production of the scissor models produced in this location. Furthermore, the Company will be completing a new cafeteria and other facilities at its G1 building in fiscal 2000 for approximately $1 million. The Company expects to make additional expenditures of approximately $3 million to increase its automation of both the G1 and G3 (Georgetown, Ontario) facilities to allow for increased production. Skyjack expects other capital expenditures will be approximately $9 million and will relate principally to machinery and equipment.




## Changes in Financial Position

Accounts receivable increased substantially in fiscal 1999 as the Company offered more favourable terms primarily to the newly formed U.S. national rental companies, resulting in an increase of $50 million year over year. Inventory also increased by $33.5 million as the Company increased production in order to satisfy customer demand in the upcoming quarters. Bank indebtedness, as a result, increased by $60.9 million. Management has adjusted the customers' credit terms in fiscal 2000 back to a more historical basis.

## Liquidity and Capital Resources

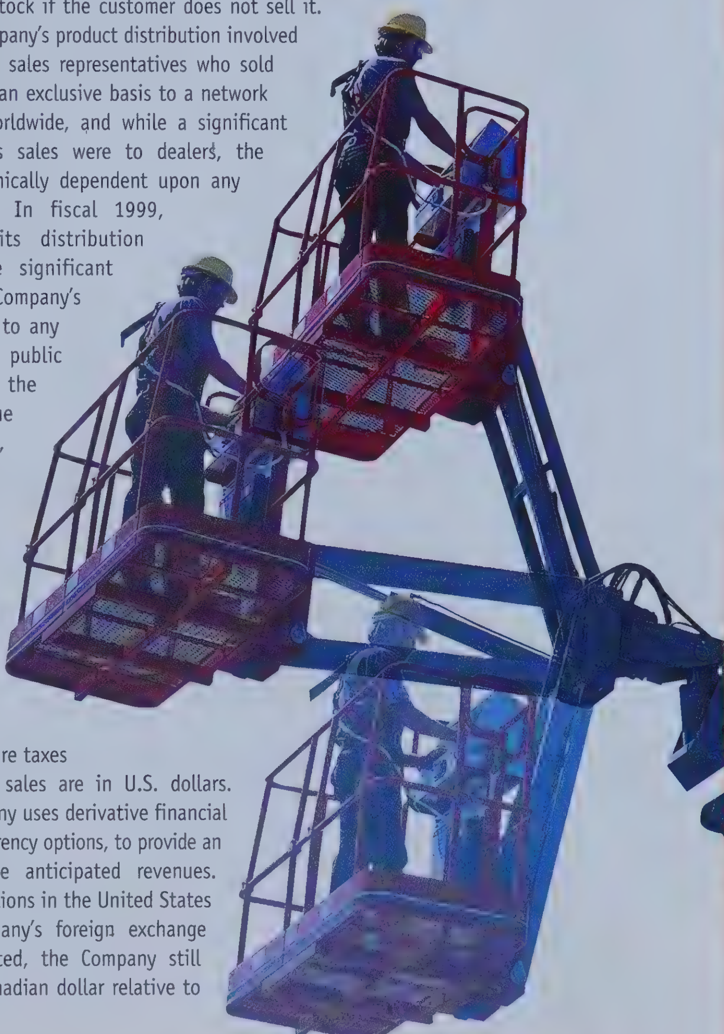
The Company increased its current bank operating line of credit from $80 million to $90 million by the end of the fiscal year. To assist in financing the growth of its United States operations, the Company maintained its U.S. bank line of credit at U.S. $5 million. To fund the construction of the new facility and related equipment purchases in

Wathena, Kansas, (which occurred at the end of fiscal 1998) the Company issued U.S. $4 million of Industrial Revenue Bonds, Series 1998, on May 28, 1998, at interest rates beginning at 4.38% increasing to 5.75% over the ten year term. To fund the construction of the new G2 facility in Guelph and related equipment purchases, the Company utilized a five year 5.6875% U.S. $10 million term debt. The Company is currently working with its banks to provide additional funding to meet its' anticipated capital expenditures and to fund ongoing operations as the Company returns to historical payment terms for accounts receivable.

## Risks and Uncertainties

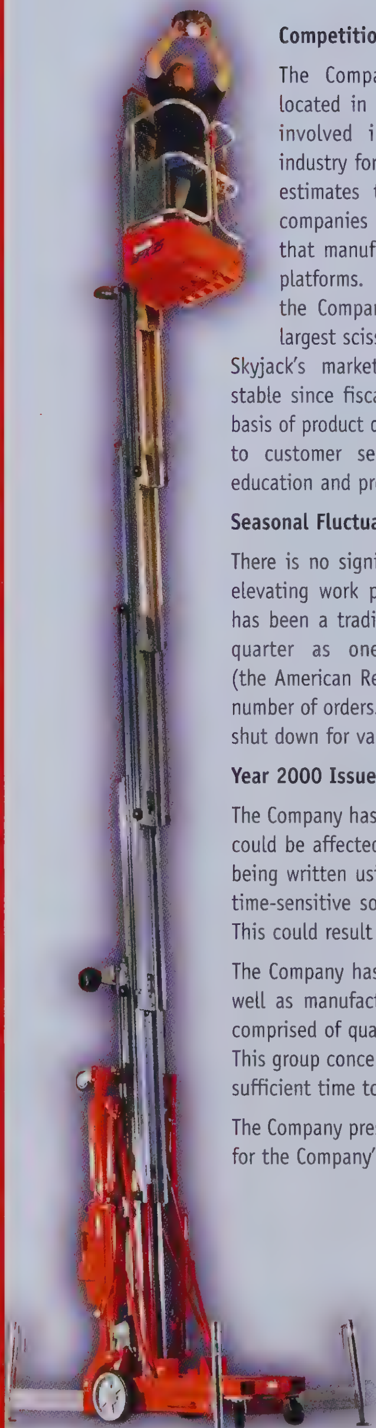
### Sales Distribution

The Company recognizes revenue only when the product is shipped and has a policy of not accepting returned stock if the customer does not sell it. Prior to December 31, 1998, the Company's product distribution involved a sales staff and commissioned sales representatives who sold the Company's products on an exclusive basis to a network of independent dealers worldwide, and while a significant portion of the Company's sales were to dealers, the Company was not economically dependent upon any one particular dealer. In fiscal 1999, the Company modified its distribution system to respond to the significant amount of consolidation of the Company's customer base. Skyjack now sells equipment to any rental company, including the new U.S. public companies that have been consolidating the North American rental market. With the termination of its exclusive dealer network, the Company has gained access to over one thousand previously unavailable rental yard locations. In order to be able to service the new rental market customers, the Company is in the process of hiring additional sales staff. Also, Skyjack will be adding more field service personnel to handle the increased customer base.



### Foreign Exchange Rate Fluctuation

Over one half of the Company's total costs before taxes are in U.S. dollars while all the Company's sales are in U.S. dollars. To reduce the foreign exchange risk, the Company uses derivative financial instruments, including forward contracts and currency options, to provide an appropriate hedge against a portion of the anticipated revenues. In addition, the significant expansion of operations in the United States provides a natural hedge against the Company's foreign exchange exposure. Beyond the initiatives implemented, the Company still remains exposed to a strengthening of the Canadian dollar relative to the U.S. dollar.



## Competition

The Company's principal competitors are located in the United States and have been involved in the elevating work platform industry for a number of years. The Company estimates that there are approximately 16 companies in Canada and the United States that manufacture scissor-type elevating work platforms. Based on available industry data, the Company believes that it is one of the largest scissor lift manufacturers in the world. Skyjack's market share has remained relatively stable since fiscal 1993. Skyjack competes on the basis of product design and quality, price, dedication to customer service, employee motivation and education and product distribution.


## Seasonal Fluctuations

There is no significant seasonal fluctuation in the elevating work platform industry. However, there has been a traditional peak in sales in the fourth quarter as one of the largest trade shows (the American Rental Association Show) occurs annually at that time which generally results in a large number of orders. The second quarter experiences lower sales as the majority of the Company's plants are shut down for vacation for two weeks during this period.

## Year 2000 Issue

The Company has conducted a comprehensive review of its computer systems to identify the systems that could be affected by the "Year 2000" issue. The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather then the year 2000. This could result in a major system failure or miscalculations.

The Company has completed a corporate-wide Year 2000 assessment. The review covered IT systems as well as manufacturing systems that are computer controlled. The Company also established a team comprised of quality, purchasing and IT personnel to review Year 2000 compliance of Skyjack's suppliers. This group concentrated principally on those firms that would affect manufacturing to allow the Company sufficient time to make any changes required.

The Company presently believes that the Year 2000 problem will not pose significant operational problems for the Company's computer systems as the principal operating systems are already Year 2000 compliant. Therefore, the capital expenditures noted previously for computer hardware and software are expected to be sufficient for upgrades that are needed on an ongoing basis, as well as any new issues that become evident relating to Year 2000 compliance. All internal staff costs are expensed as incurred and are considered to be immaterial. In addition, as part of the Company's vendor certification, over 50% have stated they have attained compliance with either Skyjack's definition or their own. The remaining suppliers are in the process of being contacted and management anticipates that they will achieve compliance or consideration will be given to the necessity of accumulating additional

stock levels and/or identifying possible alternative sources of supply for all key components. As previously noted many of the Company's largest customers are American public companies and therefore have their own requirements for demonstrating Year 2000 compliance. The Company has no significant electronic data interchanges with its customers or suppliers. With respect to the Company's customers, Year 2000 exposures relate primarily to possible disruption of a customer's business affecting demand for the Company's products and ability to pay. With respect to suppliers, the Company has parts supply arrangements critical to its ability to manufacture products.

Based on the progress to date, management believes that the potential risk of the Year 2000 issue materially affecting internal business systems is minimal. However, it is not possible to be certain that all aspects of the Year 2000 issue affecting the Company and its products, including those related to the efforts of customers, suppliers or other third parties will be fully resolved.

## Outlook

### Market Demand

Management anticipates sales for aerial lifts to remain strong through fiscal 2000, as the Company has maintained a strong order backlog since March 31, 1999. The Company continues to make capital expenditures to improve both capacity and efficiency. With the completion of the construction of the G2 facility, the recent decision to expand (since March 31, 1999) the U.S. scissor plant in Emmetsburg, Iowa, and the automation upgrades at the G1 and G3 facilities the Company believes scissor production can be increased by over 50%. Furthermore, the Company will be introducing its new telescoping ("stick") boom series next year. To date many of the booms available in the market from the Company have been non-conventional, or market niche products. As a wider range of boom products will be available from the Company for sale in fiscal 2000 (including the new booms in the 40' to 80' boom market), management believes the Company's boom market share can be improved. New employee hiring will continue until the new plant's requirements are filled or the market demand subsides in all of the Company's scissor plants. The Company is currently working on a number of significant cost saving projects which Management anticipates will result in improved profitability.

### New Products

Skyjack continues to upgrade and expand its product lines to meet its customers needs and to ensure that customers are receiving value and reliability. To meet the environmental need for low emission large scissors, Skyjack recently introduced the electric-powered rough terrain scissor. In order to complement its small electric booms, the Company has developed both a dual fuel and multi-energy series. The Company continues to expand its boom line, as previously noted, with plans to offer a number of new models before the end of fiscal 2000.

# CONSOLIDATED FINANCIAL STATEMENTS

## MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Skyjack Inc. is responsible for the preparation of all information included in this Annual Report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates. Financial information included elsewhere in this report is consistent with that in the consolidated financial statements.

Management is responsible for the integrity and objectivity of the consolidated financial statements. A system of internal controls to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that the assets are safeguarded is maintained by management.

The Company's independent auditors, appointed by the shareholders, have prepared their report which outlines the scope of their examination and their opinion on the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for assuring that management fulfills its financial reporting responsibilities. The Audit Committee is composed of independent directors who are not employees of the Company. The Audit Committee meets with management, and with the auditors, to discuss accounting policy, auditing and financial reporting matters. The Committee reports its findings to the Board of Directors for their consideration in reviewing and approving the consolidated financial statements for issuance to the shareholders.

W. Haessler

Wolf Haessler, P.Eng.
President and Chief Executive Officer

J. Nessman

Joseph G. Nessman, CMA
Vice President, Finance and Chief Financial Officer

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Skyjack Inc. as at March 31, 1999 and 1998 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Guelph, Ontario
May 31, 1999

# CONSOLIDATED BALANCE SHEETS

As at March 31, 1999 and 1998

| (in thousands of Canadian dollars) | 1999 | 1998 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Accounts receivable | $ 82,218 | $ 30,449 |
| Income taxes recoverable | - | 627 |
| Inventories (note 2) | 70,300 | 36,766 |
| Prepaid expenses and deposits | 3,567 | 1,353 |
| | 156,085 | 69,195 |
| Property, plant and equipment (note 3) | 54,930 | 32,095 |
| Other assets (note 4) | 3,420 | 2,992 |
| | $214,435 | $104,282 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Bank indebtedness (note 5) | $ 79,763 | $ 18,879 |
| Accounts payable and accrued liabilities | 31,563 | 19,886 |
| Income taxes payable | 586 | - |
| Current portion of long-term debt (note 6) | 4,392 | 2,459 |
| | 116,304 | 41,224 |
| Long-term debt (note 6) | 18,750 | 1,272 |
| Deferred income tax liability | 479 | 142 |
| Deferred foreign exchange gain | - | 41 |
| Shareholders' equity: | | |
| Share capital (note 8) | 10,806 | 10,187 |
| Contributed surplus | 69 | 52 |
| Retained earnings | 68,027 | 51,363 |
| | 78,902 | 61,603 |
| Commitments (note 3, 14 and 15) | | |
| Contingent liabilities (note 16) | | |
| | $214,435 | $104,282 |

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

## CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years ended March 31, 1999 and 1998

| (in thousands of Canadian dollars, except per share amounts) | 1999 | 1998 |
|---|---|---|
| Sales (note 9 and 10) | $261,717 | $199,433 |
| Cost of goods sold | 197,821 | 152,360 |
| Gross profit | 63,896 | 47,073 |
| Expenses: | | |
| Selling and administrative | 30,932 | 23,690 |
| Research and development | 3,687 | 4,872 |
| Provision for Amador closure (note 11) | - | 3,182 |
| Interest on long-term debt and related financing charges | 673 | 335 |
| Other interest and bank charges | 1,946 | 1,091 |
| Foreign exchange loss | 881 | 523 |
| | 38,119 | 33,693 |
| Earnings before income taxes | 25,777 | 13,380 |
| Income taxes (note 12): | | |
| Current | 8,801 | 7,273 |
| Deferred reduction | 312 | (2,048) |
| | 9,113 | 5,225 |
| Net earnings | 16,664 | 8,155 |
| Retained earnings, beginning of year | 51,363 | 43,208 |
| Retained earnings, end of year | $ 68,027 | $ 51,363 |
| Earnings per common share (note 8): | | |
| Basic | $2.02 | $1.00 |
| Fully diluted | $1.98 | $ .99 |

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended March 31, 1999 and 1998

| (in thousands of Canadian dollars) | 1999 | 1998 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operations:** | | |
| Net earnings | $ 16,664 | $ 8,155 |
| Items not involving cash: | | |
| Amortization | 4,783 | 3,935 |
| Loss on disposal of equipment | 39 | 111 |
| Deferred income taxes | 840 | (1,827) |
| Deferred (gain) loss on foreign exchange | (92) | 33 |
| Changes in non-cash operating working capital (note 13) | (74,627) | (3,612) |
| | (52,393) | 6,795 |
| **Financing:** | | |
| Proceeds from long-term debt | 21,202 | 48 |
| Repayments on long-term debt | (1,792) | (1,481) |
| Sales under long-term accounts receivable | (789) | - |
| Issuance of common shares | 618 | 678 |
| Contributed surplus, from the exercise of options in employee share trust | 17 | 9 |
| | 19,256 | (746) |
| **Investments:** | | |
| Expenditures on machinery and equipment | (16,617) | (3,861) |
| Expenditures on property and plant | (11,052) | (2,842) |
| Proceeds on sale of equipment | 176 | 938 |
| Expenditures on deferred financing charges | (139) | - |
| Expenditures on patents and trademarks | (115) | (15) |
| | (27,747) | (5,780) |
| (Increase) decrease in bank indebtedness | (60,884) | 269 |
| Bank indebtedness, beginning of year | (18,879) | (19,148) |
| Bank indebtedness, end of year | $ (79,763) | $(18,879) |

See accompanying notes to consolidated financial statements.

Years ended March 31, 1999 and 1998 (tabular amounts in thousands of Canadian dollars, except per share amounts)

The Company is incorporated under the laws of the Province of Ontario and its principal business activity is the design, manufacture and distribution of mobile elevating work platforms.

**1. Significant accounting policies:**

(a) Basis of consolidation:

The consolidated financial statements are expressed in Canadian dollars and include the accounts of the Company and its wholly-owned United States (U.S.) subsidiary Skyjack Equipment, Inc. and its wholly-owned German subsidiary Skyjack Hebebühnen GmbH. On April 1, 1998, Skyjack Equipment, Inc. was amalgamated with Skyjack Manufacturing, Inc. and Skyjack Corp. to form Skyjack Equipment, Inc.

(b) Use of estimates:

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the year to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

(c) Translation of foreign currencies:

U.S. and German subsidiaries have been translated into Canadian dollars using the temporal method. Under this method, monetary items on the balance sheets are translated at the rates of exchange in effect at year-end and non-monetary items are translated at historical exchange rates. Revenues and expenses (other than amortization, which is translated at the same rate as the related plant and equipment) are translated at the average rate of exchange for the period. Translation gains or losses are included in the Consolidated Statements of Earnings and Retained Earnings except those related to the translation of long-term debt, which are deferred and amortized over its remaining term on a straight-line basis.

(d) Financial instruments:

The Company uses various derivative financial instruments to reduce its operating exposure to fluctuations in foreign exchange. Unrealized gains and losses of these instruments are recognized in income concurrently with the underlying items being hedged.

(e) Inventories:

Raw materials inventory is stated at the lower of cost, on a first-in, first-out basis, and replacement cost. Inventories of work-in-progress and finished goods are stated at the lower of cost and net realizable value.

(f) Income taxes:

The Company follows the tax allocation method in providing for income taxes. Under this method, timing differences between income for accounting purposes and income for tax purposes give rise to deferred income taxes.

Years ended March 31, 1999 and 1998

**1. Significant accounting policies (continued):**

(g) Property, plant and equipment:

Property, plant, equipment and leasehold improvements are stated at cost. Amortization is provided using the following methods and annual rates:

| Asset | Basis | Rate |
|---|---|---|
| Plant | Declining balance | 4% |
| Plant machinery | Declining balance | 20% |
| Office equipment | Declining balance | 20% |
| Computer equipment | Declining balance | 30% |
| Computer software | Straight-line | 25%-100% |
| Automotive equipment | Declining balance | 30% |
| Jigs and fixtures | Declining balance | 20% |
| Leasehold improvements | Straight-line | 50% |

(h) Goodwill:

Goodwill represents the excess of the purchase price over the fair values of net assets acquired, and is being amortized on a straight-line basis over ten years. On an ongoing basis, management reviews the valuation and amortization of goodwill, taking into consideration any events and circumstances which might have impaired the fair value. Goodwill is written down to fair value when declines in value are considered to be other than temporary based upon expected cash flows.

(i) Patents and trademarks:

The costs of acquiring and registering patents and trademarks are deferred and amortized on a straight line basis over sixteen years.

**2. Inventories:**

| | 1999 | 1998 |
|---|---|---|
| Raw materials | $ 28,058 | $ 20,536 |
| Work-in-progress and finished goods | 42,242 | 16,230 |
| | $ 70,300 | $ 36,766 |

Years ended March 31, 1999 and 1998

**3. Property, plant and equipment:**

| | | | 1999 |
|---|---|---|---|
| | Cost | Accumulated amortization | Net book value |
| Land | $ 3,937 | $ - | $ 3,937 |
| Plant | 28,290 | 2,314 | 25,976 |
| Plant machinery | 28,732 | 10,099 | 18,633 |
| Office equipment | 1,804 | 821 | 983 |
| Computer equipment | 3,643 | 1,494 | 2,149 |
| Computer software | 2,831 | 960 | 1,871 |
| Automotive equipment | 1,466 | 745 | 721 |
| Jigs and fixtures | 1,159 | 532 | 627 |
| Leasehold improvements | 236 | 203 | 33 |
| | $ 72,098 | $ 17,168 | $ 54,930 |

| | | | 1998 |
|---|---|---|---|
| | Cost | Accumulated amortization | Net book value |
| Land | $ 3,291 | $ - | $ 3,291 |
| Plant | 18,150 | 1,601 | 16,549 |
| Plant machinery | 16,899 | 7,602 | 9,297 |
| Office equipment | 1,313 | 650 | 663 |
| Computer equipment | 1,912 | 967 | 945 |
| Computer software | 722 | 597 | 125 |
| Automotive equipment | 1,215 | 606 | 609 |
| Jigs and fixtures | 1,036 | 458 | 578 |
| Leasehold improvements | 198 | 160 | 38 |
| | $ 44,736 | $ 12,641 | $ 32,095 |

The Company received forgivable loans net of related taxes, in the amount of $64,724 in 1998, from economic development agencies. The net amount of these loans has been offset against the applicable assets, as the Company anticipates achieving the employment levels and required capital investments which are conditions of the loans being forgiven.

Computer software includes $1,323,314 of ERP system implementation costs that have not been amortized for the year as the project is in progress.

In 1998, plant included $2,391,276 of construction in progress which was not amortized until completion in 1999.

Amortization expense for the year is $4,619,611 (1998 - $3,796,908).

Years ended March 31, 1999 and 1998

**4. Other assets:**

| | 1999 | 1998 |
|---|---|---|
| Deferred income tax asset | $ 1,441 | $ 1,943 |
| Long-term accounts receivable | 789 | - |
| Goodwill | 673 | 780 |
| Patents and trademarks | 341 | 265 |
| Deferred financing charges | 125 | 4 |
| Deferred foreign exchange loss | 51 | - |
| | $ 3,420 | $ 2,992 |

Other assets are recorded net of accumulated amortization of $824,097 (1998 - $669,526).

**5. Bank indebtedness:**

The Company maintains an unsecured line of credit that bears interest at the bank prime rate. A portion of the bank indebtedness has been funded through the utilization of short-term bankers acceptances at rates below the bank prime rate. At March 31, 1999, the weighted average interest rate on bank indebtedness is 5.4% (1998 - 5.7%). Bank indebtedness is a net number, which includes short-term deposits.

Years ended March 31, 1999 and 1998

**6. Long-term debt:**

| | 1999 | 1998 |
|---|---|---|
| 5.6875% term debt repayable in monthly principal installments of U.S. $83,333 plus interest, with final payment due December 22, 2003. U.S. $9,750,001 | $ 14,710 | $ - |
| Industrial Revenue Bonds, Series 1998, repayable in annual installments of U.S. $400,000 beginning May 1, 1999, with final payment due May 1, 2008, interest rates beginning at 4.38% increasing to 5.75% over the term, secured by land, building and equipment of Skyjack Equipment, Inc. located in Wathena, Kansas. U.S. $4,000,000 | 6,035 | - |
| 7% mortgage repayable in monthly blended installments of U.S. $11,611, with final payment due April 15, 1999, secured by a first charge collateral mortgage on land and building of Skyjack Equipment, Inc. located in St. Charles, Illinois U.S. $762,116 (1998 - U.S. $844,984) | 1,150 | 1,200 |
| Prime plus .75% mortgage repayable in monthly principal installments of $20,000 plus interest, with final payment due May 1, 1999. Secured by a first collateral mortgage on land and building of Skyjack Inc. | 1,065 | 1,305 |
| Non-interest bearing note with quarterly installments of U.S. $5,000 commencing April 1, 1998, due February 16, 2001 U.S. $75,000 (1998 - U.S. $100,000) | 113 | 142 |
| Non-interest bearing loan repayable in annual principal installments of U.S. $22,750 due January 15, 2001, secured by certain equipment, fixtures and inventory of Skyjack Equipment, Inc. located in Emmetsburg, Iowa U.S. $45,500 (1998- U.S. $68,250) | 69 | 97 |
| 5.41% loan repayable in monthly blended installments of U.S. $630, repaid during the year, secured by certain equipment (1998 - U.S. $9,112) | - | 13 |
| Capital leases | - | 41 |
| 8.8% mortgage repaid during the year | - | 833 |
| Non-interest bearing note repaid October 31, 1998 | - | 100 |
| Total long-term debt | $ 23,142 | $ 3,731 |
| Current portion of long-term debt | 4,392 | 2,459 |
| | $ 18,750 | $ 1,272 |

The aggregate maturities of long-term debt for each of the five subsequent years to March 31, 1999, are as follows: 2000 - $4,391,501; 2001 - $2,229,476; 2002 - $2,112,174; 2003 - $2,112,174 and 2004 - $9,278,531.

Years ended March 31, 1999 and 1998

**7. Financial instruments:**

(a) Risk management activities:

A substantial portion of the Company's business is transacted in U.S. dollars. The Company uses derivative financial instruments, including option contracts to reduce its foreign exchange exposure on a portion of the anticipated revenues related to operations. The following table summarizes the Company's commitments to sell foreign currency at March 31, 1999:

| | U.S. dollar amount | Exchange rate | Maturity |
|---|---|---|---|
| Option contracts | $ 30,000 | 1.435 - 1.5616 | April 15, 1999 - June 15, 2000 |
| Forward exchange contracts | 15,500 | 1.461 - 1.545 | Dec 17, 1999 - June 16, 2000 |

At March 31, 1999, there are unrealized losses of U.S. $445,362 (1998 - U.S. $774,692) in derivative financial instruments based on prevailing market conditions. Unrealized losses on derivative financial contracts are not recorded in the consolidated financial statements until the hedged transactions occur.

(b) Fair values:

The carrying values of accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of the Company's long-term debt at March 31, 1999 is comparable to the fair market value. Fair value has been calculated using the future cash flows (principal and interest) of the actual outstanding debt instruments, discounted at current market rates available to the Company for the same or similar instruments.

(c) Concentrations of credit risk:

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of trade receivables. A geographically diverse customer base and the Company's credit and collection process mitigate this concentration of credit risk. The Company performs credit evaluations for all customers and secures transactions with letters of credits where necessary. Write-offs for uncollected trade receivables have not been significant. Two customers account for more than 10% (each 19% respectively) of the Company's accounts receivable at March 31, 1999.

**8. Share capital:**

(a) Share capital:

The authorized share capital of the Company consists of unlimited common shares and participating, non-voting preference shares:

The issued share capital of the Company is as follows:

| | 1999 | 1998 |
|---|---|---|
| 8,251,908 common shares (1998 - 8,205,492) | $ 10,806 | $ 10,187 |

During the 1999 and 1998 fiscal years, shares were issued from the Employee Trust, the proceeds of which are included in contributed surplus.

Years ended March 31, 1999 and 1998

**8. Share capital (continued):**

(b) Earnings per common share:

Earnings per common share amounts disclosed on the Consolidated Statements of Earnings and Retained Earnings for the year ended March 31, 1999, are based on weighted average number of shares of 8,238,232 (1998 - 8,173,805), giving effect to the issuance of shares during the year.

(c) Employee stock option plan:

The employee stock option plan permits the Company to grant options to employees, former employees, directors and advisors of the Company. The Company will not provide financial assistance to the optionees in respect of the exercise of their options. The options are non-transferable except in certain circumstances.

During the year, 46,416 (1998 - 61,021) shares were issued under the employee stock option plan for a total cash consideration of $618,098 (1998 - $677,813).

Options to purchase shares were outstanding at March 31, 1999, as follows:

| Number of shares | | Range of exercise | Fiscal Year |
|---|---|---|---|
| 1999 | 1998 | prices per share | of expiry |
| 14,700 | - | $21.05 - $23.25 | March 31, 2004 |
| 153,000 | 178,000 | $15.55 - $18.75 | March 31, 2003 |
| 118,800 | 123,100 | $30.95 - $43.00 | March 31, 2002 |
| 37,000 | 46,200 | $14.63 - $30.00 | March 31, 2001 |
| 46,306 | 60,630 | $ 5.40 - $ 9.75 | March 31, 2000 |
| 369,806 | 407,930 | | |

Years ended March 31, 1999 and 1998

**9. Segmented information:**

The Company operates in a single market segment, manufacturing aerial work platforms through its manufacturing plants in Guelph, Ontario; Georgetown, Ontario; Emmetsburg, Iowa; Atlantic, Iowa; Wathena, Kansas; and Löbau, Germany and through sales and service offices located in St. Charles, Illinois and Mijdrecht, The Netherlands.

| 1999 | Canada | United States and Germany | Eliminations | Consolidated |
|---|---|---|---|---|
| Sales to customers outside the enterprise | $ 253,402 | $ 8,315 | - | $ 261,717 |
| Transfers between geographic segments | 1,595 | 122,932 | - | 124,527 |
| Inter-segment eliminations | (120,179) | (4,348) | - | (124,527) |
| Total sales | $ 134,818 | $ 126,899 | - | $ 261,717 |
| Segment operating earnings | $ 29,634 | $ 6,298 | $ (1,090) | $ 34,842 |
| Other interest and bank charges | (1,905) | (41) | | (1,946) |
| Interest on long-term debt | (387) | (286) | | (673) |
| Income taxes | (8,376) | (737) | | (9,113) |
| Amortization | (2,235) | (2,548) | | (4,783) |
| | $16,731 | $2,686 | $ (1,090) | 18,327 |
| General corporate expense | | | | (782) |
| Foreign exchange loss | | | | (881) |
| Net earnings | | | | $ 16,664 |
| Identifiable assets | $ 211,971 | $ 32,010 | $ (29,546) | $ 214,435 |

| 1998 | Canada | United States and Germany | Eliminations | Consolidated |
|---|---|---|---|---|
| Sales to customers outside the enterprise | $ 192,499 | $ 6,934 | - | $ 199,433 |
| Transfer between geographic segments | 3,608 | 80,739 | - | 84,347 |
| Inter-segment eliminations | (80,387) | (3,960) | - | (84,347) |
| Total sales | $ 115,720 | $ 83,713 | - | $ 199,433 |
| Segment operating earnings | $ 20,534 | $ (582) | $ 51 | $ 20,003 |
| Other interest and bank charges | (657) | (434) | | (1,091) |
| Interest on long-term debt | (262) | (73) | | (335) |
| Income taxes | (5,943) | 718 | | (5,225) |
| Amortization | (1,916) | (2,019) | | (3,935) |
| | $ 11,756 | $ (2,390) | $ 51 | 9,417 |
| General corporate expense | | | | (739) |
| Foreign exchange loss | | | | (523) |
| Net earnings | | | | $ 8,155 |
| Identifiable assets | $ 95,349 | $ 20,242 | $ (11,309) | $ 104,282 |

Years ended March 31, 1999 and 1998

**10. Sales:**

The following is a summary of sales by location of customer:

| | 1999 | 1998 |
|---|---|---|
| Canadian sales | $ 15,326 | $ 17,724 |
| U.S. sales | 191,915 | 133,531 |
| Other sales | 54,476 | 48,178 |
| Total sales | $261,717 | $199,433 |

In fiscal 1999, the largest customer represented approximately 11% of the Company's sales, and was the only account greater than 10%.

**11. Provision for Amador closure:**

Included in the 1998 provision for Amador closure are inventory write-down of $2,298,650, employee severances of $868,016 and other costs of $14,907.

**12. Income taxes:**

Income taxes vary from the amounts that would be computed by applying the statutory federal and provincial income tax rates. Items giving rise to these variations are as follows:

| | 1999 | 1998 |
|---|---|---|
| Basic rate (44.34%) applied to earnings before income taxes | $ 11,497 | $ 5,933 |
| Increase (decrease) in income taxes resulting from: | | |
| Manufacturing and processing allowance | (2,003) | (1,461) |
| Earnings and losses of foreign subsidiaries | (812) | 366 |
| Losses of subsidiaries not tax effected | 366 | 403 |
| Expenses not deductible | 205 | 47 |
| Other items | (140) | (63) |
| | $ 9,113 | $ 5,225 |

At March 31, 1999, the German subsidiary had tax loss carry-forwards for income tax purposes totaling approximately $2,174,000 (1998 - $1,513,000), which are carried forward indefinitely. The benefit of these losses has not been recognized in these consolidated financial statements.

**13. Changes in non-cash operating working capital:**

| | 1999 | 1998 |
|---|---|---|
| Increase in accounts receivable | $ (51,769) | $ (1,637) |
| Decrease (increase) in income taxes recoverable | 627 | (627) |
| Increase in inventories | (33,534) | (644) |
| Increase in prepaid expenses and deposits | (2,214) | (670) |
| Increase in accounts payable and accrued liabilities | 11,677 | 405 |
| Increase (decrease) in income taxes payable | 586 | (439) |
| | $ (74,627) | $ (3,612) |

Years ended March 31, 1999 and 1998

**14. Commitments:**

The Company is committed under operating leases to manufacturing and office facilities, automobiles and certain office equipment through 2004 in the amount of approximately $214,706. Annual payments are: 2000 - $99,660; 2001 - $41,823; 2002 - $29,561; 2003 - $22,569 and 2004 - $21,093.

**15. Related party transactions:**

During the year, the Company purchased 7.75 acres of land adjacent to the existing Guelph, Ontario facility for $635,500, and entered into a contract for the construction of a 150,000 square feet manufacturing plant on this site. The construction contract for $7,760,060 has a balance remaining to be completed of $255,085. Both the purchase of the land and the contract for the construction of the new facility were entered into with related companies owned by a major shareholder and officer at prices considered to be at fair market value.

To fund the construction of the new facility and related equipment purchases, the Company utilized a 5.6875% U.S. $10,000,000 term debt.

Subsequent to March 31, 1999, Skyjack Inc. entered into an agreement in principal to acquire all the shares of Haessler Drive Technology Inc. from a company owned by a major shareholder and officer for $2,750,000, which is considered to be fair market value.

**16. Contingent liabilities:**

In the normal course of business, the Company and its subsidiaries are named as defendants in legal actions. Management is presently aware of limited actions, none of which in managements' opinion would have a material adverse effect on the Company's financial position.

**17. Year 2000:**

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect the Company's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Company will be fully resolved.

# CORPORATE DIRECTORY

**OFFICERS** (L to R)

**Bert Heath**
Vice President,
Product Support

**Edward J. Henderson, C.A.**
Secretary and Treasurer and
Director of Corporate
Development

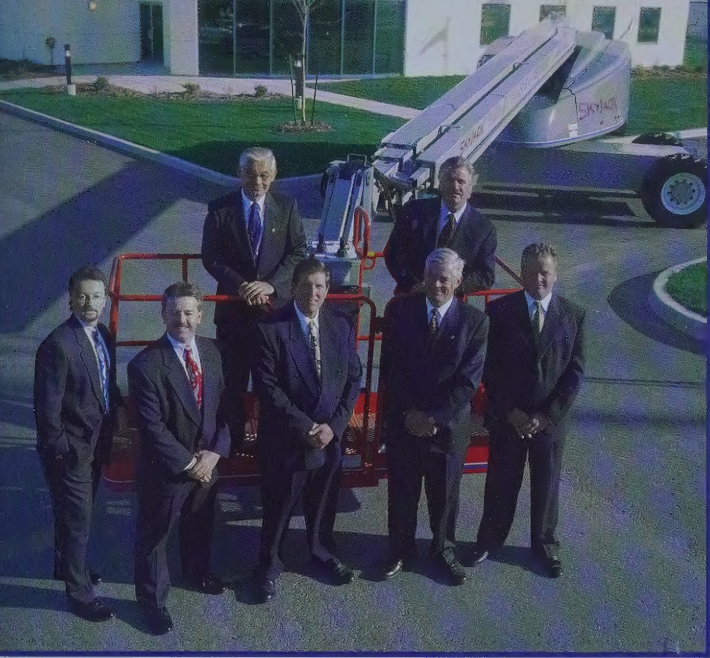
**Guenter W. Haessler, P.Eng.**
Manager, Product Safety
Standards

**Joseph G. Nessman, CMA**
Vice President, Finance and
Chief Financial Officer

**Wolf Haessler, P.Eng.**
President and Chief
Executive Officer

**Bruce D. Corbett**
Vice President, Marketing

**Robert K. Maier, P.Eng.**
Vice President,
Manufacturing
and Engineering



ANNUAL GENERAL MEETING

# SKYJACK™

**SEPTEMBER 8, 1999**

87 Campbell Rd. Guelph, Ontario N1H 1B9


## BOARD OF DIRECTORS (L to R)

**Richard H. Campbell**
President
Seacoast Consulting

**Wolf Haessler, P.Eng.**
President and Chief
Executive Officer
Skyjack Inc.

**Charles E. Greb**
President
Grebco Holdings Limited

**Barrie G. Laver, C. A.**
President
CastleHill Ventures
Management Limited

**William C. Lawrence, Q.C.**
Practicing with Lawrence,
Lawrence, Stevenson

**Alan Bell** (Photo not available)
Partner
Blake, Cassels & Graydon

## AUDITORS
KPMG LLP

## TRANSFER AGENT AND REGISTRAR
Montreal Trust Company
of Canada

## LEGAL COUNSEL
Lawrence, Lawrence,
Stevenson
*Corporate Counsel*

Blake, Cassels & Graydon
*Securities Counsel*

## STOCK LISTING
Toronto Stock Exchange
Symbol **SJK**

# FACILITIES

## Head Office and Manufacturing

**Skyjack Inc.**
55 Campbell Road
Guelph, Ontario
Canada
N1H 1B9
Tel. 519-837-0888
Fax. 519-837-3102
Web.
http://www.skyjackinc.com

## Manufacturing

**Skyjack Equipment, Inc.**
1501 Skyjack Ave.
Atlantic, Iowa
U.S.A.
50022
Tel. 712-243-4933
Fax. 712-243-4944

**Skyjack Kansas Manufacturing**
990 Vernon Road
P.O. Box 399
Wathena, Kansas
U.S.A.
66090
Tel. 785-989-4646
Fax. 785-989-4594

**Skyjack Manufacturing**
Highway 4 South
P.O. Box 249
Emmetsburg, Iowa
U.S.A.
50536
Tel. 712-852-2724
Fax. 712-852-2952

**Skyjack Hebebühnen GmbH.**
Aeussere Zittauer Str. 47b
D-02708 Löbau
Germany
Tel. (49) 3585-404166
Fax. (49) 3585-860071

## Sales Support Locations

**Skyjack Service**
3451 Swenson Avenue
St. Charles, Illinois
U.S.A.
60174
Tel. 630-262-0005
Fax. 630-262-0006

**Skyjack Europe**
Communicatieweg 29
3641 SG Mijdrecht
The Netherlands
Tel. (31) 297-255-526
Fax. (31) 297-256-071

**Skyjack Parts**
990 Vernon Road
P.O. Box 399
Wathena, Kansas
U.S.A.
66090
Tel. 785-989-4646
Fax. 785-989-4759

# FIVE YEAR REVIEW

Years ended March 31 (in thousands of Canadian dollars, except earnings per share amounts)

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|
| **Statement of Earnings Data:** | | | | | |
| Sales | $261,717 | $199,433 | $197,034 | $128,705 | $ 78,780 |
| Cost of goods sold | 197,821 | 152,360 | 142,500 | 87,418 | 51,149 |
| Gross profit | 63,896 | 47,073 | 54,534 | 41,287 | 27,631 |
| Gross profit margin | 24.4% | 23.6% | 27.7% | 32.1% | 35.1% |
| Amortization | 4,783 | 3,935 | 3,872 | 2,524 | 1,160 |
| Interest expense | 2,619 | 1,426 | 1,605 | 1,006 | 289 |
| Earnings before income taxes | 25,777 | 13,380 | 25,134 | 20,782 | 14,018 |
| Income taxes | 9,113 | 5,225 | 9,102 | 7,303 | 5,309 |
| Net earnings | $ 16,664 | $ 8,155 | $ 16,032 | $ 13,479 | $ 8,709 |
| Earnings per common share (1): | | | | | |
| Basic | $2.02 | $1.00 | $1.98 | $1.68 | $1.12 |
| Fully diluted | $1.98 | $ .99 | $1.94 | $1.65 | $1.11 |
| **Balance Sheet and Other Data:** | | | | | |
| Total assets | $214,435 | $104,282 | $ 97,028 | $ 72,079 | $ 39,257 |
| Working capital | 39,781 | 27,971 | 25,029 | 12,901 | 10,582 |
| Total long-term debt | 23,142 | 3,731 | 5,164 | 5,788 | 3,981 |
| Cash provided by (used in) operations | (52,393) | 6,795 | 1,686 | (3,236) | 8,303 |
| Shareholders' equity | 78,902 | 61,603 | 52,760 | 36,011 | 22,317 |

(1) Earnings per share for the year ended March 31, 1999 are based on weighted average number of shares of 8,238,232 (1998 - 8,173,805) giving effect to the issuance of a small number of shares due to the exercise of stock options.

SKYJACK™

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